

How prepared are you to exit your business?

You have a lot to consider when planning to successfully transition out of your business—like preparing a plan, determining a value for the business, and how you’ll fund your plan. It’s also important to consider: **Is your business your retirement? Are you and your business ready for what comes next? How does your progress stack up to that of other business owners?** We asked a group of owners recently about their plans¹, and though some have plans in place, many still don’t.

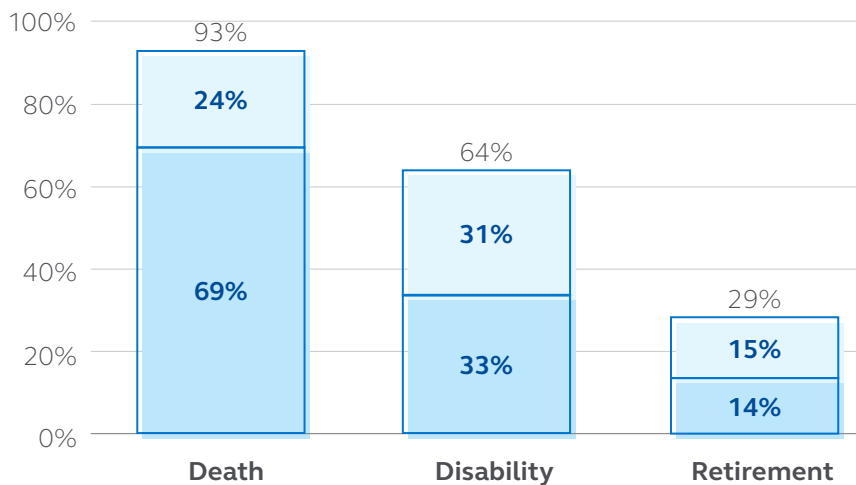
Top transition events

Most buy-sell agreements account for transitioning at death but leave disability and retirement often overlooked. **Planning for these events will help ensure successful transition of your business.**

Percentages of business owner agreements that cover these **top transition events** and whether they’re **mandatory or optional**.

- Optional triggering events
- Mandatory triggering events

Source: Review of 2,368 buy-sell agreements by Principal Financial Group®, January 1, 2014 - June 30, 2022.



Have you started thinking about retirement?

Today, you may think you’re going to work forever. But as the years go by, your plans might change.

Only 14% of business owners don’t ever expect to retire. This statistic has dropped significantly since the first survey in 2010 when 31% said they don’t plan to retire. Knowing how your business fits into your retirement is more reason to ensure you have proper planning in place.

¹ 2023 Principal Financial Group Business Owner Insights survey, conducted by Dynata. principal.com/ownerinsights

If you're within 10-20 years of retirement



Now's the time to determine the value of your business so that it can eventually help to fund your retirement. Here are some of the steps other business owners have taken to start the planning process:

Create a business succession plan



61% of owners have a business succession plan.



Of those who have a plan, **95%** are either somewhat or very confident about their exit strategy. Their reasons for being confident include knowing they have a good plan, a strong business, and family will take over.

Review your business succession plan



Of the owners with plans, **79% had them reviewed** in the past two years.



The most popular—and growing—succession strategy is giving the business to family members. Forty-four percent of owners said this was their plan. If family succession is your plan, do you know how you'll replace your income without a buyout for the business?

If you haven't started planning or still have some planning to do, we can help! Complimentary services from Principal offer a great starting point. **Ask your financial professional** about requesting an **Informal Business Valuation** and/or a **Buy-Sell Agreement Review**.



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The survey was conducted by Dynata and included 1,000 online interviews conducted in January 2023. Results were weighted based on the number of employees and annual sales. Potential respondents for this survey were selected from among those who have agreed to participate in Dynata surveys. Because the sample is based on those who agreed to be invited to participate, no estimates of theoretical sampling error can be calculated.

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